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Canada

Grain and Feed

Annual Report

2009

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Report Highlights:
Uninspired by lower prices and slow demand, Canadian wheat, barley, corn and oats production and exports are forecast to show little volatility in 2009/2010. Total production of wheat, barley, corn and oats is forecast at 49.2 MMT, an 11% decrease from year 2008/2009. Wheat exports are forecast down slightly to 17.1 MMT as a result of a slightly smaller crop and low stocks. Barley exports are likely to remain deflated at about 2.0 MMT compared to the 2007/2008 boom resulting from lower worldwide availability. Growth in oat exports, forecast at 1.8 MMT, will be thwarted by abundant supplies in the main market of the United States. Corn imports in 2009/2010 will rebound slightly to 2.4 MMT but continue lower than in 2007/2008 due to difficulties getting credit and slowdown in biofuel production. Pulse production is forecast down 6% primarily due to low prices and resulting retraction in pea production. Strong supplies are forecast to increase lentil exports.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
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[CA]

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SECTION ONE: SITUATION AND OUTLOOK

At the time of this report, no plantings for the 2009/2010 crop had yet begun, nor had the planting intension surveys conducted by Statistics Canada been released. The planting surveys are expected to be released mid-April. Forecasts for the 2009/2010 crop year are therefore based on market conditions, farm media reports, industry information and historical trends.

Farm reports indicate that producers feel that there are no clear winners this year and that crop decisions will be based on crop rotations and input costs. Production levels for most crops seem to be trending towards historical averages, due in part to a return to normal yields. Post has assumed a return to normal weather condition in 2009/2010.

Report Highlights

Canadian wheat, barley, corn and oats production for 2009/2010 is forecast to fall over 10% from year 2008/2009 levels. Wheat production is expected to fall to 24.0 MMT in 2009/2010, a 16% drop from the previous crop year's levels in response to lower prices. Barley production is expected to drop to 11.0 MMT in 2009/2010, in response to weaker demand internationally and low prices that are the result of a bumper crop. Barley production is forecast to drop 7% from the previous crop year and is forecast to be 11.0 MMT. Corn production is forecast to decrease only marginally to 10.5 MMT. Flush supplies on the North American market is suppressing oat prices and is expected to reduce oat production in 2009/2010 by 13% to 3.7 MMT.

Lower prices and higher supplies have stimulated domestic demand in the grains in 2008/2009. Total domestic consumption of wheat in 2008/2009 is expected to rise 35% to 8.7 MMT. Increased demand for wheat is coming from the ethanol industry as well as from domestic food-manufacturers whose exports are being helped by a weaker Canadian dollar. Domestic demand is expected to fall to the five-year average level in 2009/2010 due mostly to lower feed consumption brought on more average supply levels. Consumption of barley is expected to increase to more average levels in 2008/2009 due to higher supplies and lower prices. High prices and low supplies in 2007/2008 had stifled demand for barley. Feed consumption in barley in 2009/2010 is expected to be at levels similar to those in 2008/2009. Corn for feed consumption is expected to come back down to average levels. Low prices and historical high corn supplies in 2007/2008 had dramatically increased domestic corn consumption. The Canadian ethanol industry will continue to support the demand for corn ethanol, especially since the federal renewable fuel standard is expected to come into force in 2010.

The global economic slow down, combined with a bumper crop in grains (world supplies are not tight), is expected to limit grains exports to at or below average levels in 2008/2009. Wheat exports are forecast to increase in to 18.0 MMT in 2008/2009 compared to 16.4 MMT in 2007/2008. This increase is attributed to higher supplies (low supplies in 2008/2009 limited exports), a weakened Canadian dollar and steady world demand. Additional rail capacity created by less competition from the automotive and softwood lumber industries has also helped the pace of wheat exports. Wheat exports in 2009/2010 are expected to fall 5% from year 2008/2009 levels in response to a decrease in supplies resulting from a decrease in production. The pace of barley exports has slowed in 2008/2009 due to a reduction in world demand from livestock producers who have cut their herd size in response to the changing consumer habits brought on by the global recession. Barley exports for crop year 2008/2009 are forecast to be 1.6 MMT, nearly 50% below year 2007/2008 levels. Barley exports are expected to increase slightly in 2009/2010 in response to tighter world supplies due to reduced acreage seeded to barley. Corn imports are expected to fall from

year 2007/2008 levels as the credit crisis and global recession has delayed the construction of several ethanol plants that anticipated coming on line in 2009. Corn imports are expected to rise 18% in 2009/2010 in response to federal ethanol mandate coming into force. A reduced import demand for oats from the United States, due to flush North American supplies, is expected to reduce exports 17% in 2008/2009 from the previous year's levels.

It is unlikely that there will be any changes in the Canadian Wheat Board Monopoly in the 2009/2010 crop year. The extension of time horizon for introducing competition in wheat and barley exports is the result of the continued minority status of the current government and an overall climate of risk aversion due to the world economic slowdown.

SECTION TWO: STATISTICAL TABLES

Table 1: All Wheat

All Wheat Canada	2007 2007/2008 Market Year Begin: Aug 2007			2008 2008/2009 Market Year Begin: Aug 2008			2009 2009/2010 Market Year Begin: Aug 2009		
	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	Mar Data
Area Harvested	8,640	8,636	8,636	10,030	10,032	10,032		9,415	9,150
Beginning Stocks	6,803	6,803	6,865	4,817	4,817	4,561		7,300	6,800
Production	20,054	20,054	20,054	28,610	28,611	28,611		25,090	23,950
MY Imports	390	380	380	375	305	350		300	300
TY Imports	386	371	371	375	295	350		295	295
TY Imp. from U.S.	302	284	284	0	225	280		275	275
Total Supply	27,247	27,237	27,299	33,802	33,733	33,522		32,690	31,050
MY Exports	16,141	16,128	16,362	19,000	17,660	18,000		18,000	17,100
TY Exports	16,586	16,573	16,807	19,000	17,600	17,650		17,800	16,760
Feed Consumption	2,059	1,920	2,248	3,500	3,894	3,864		3,584	3,564
FSI Consumption	4,230	4,372	4,128	4,727	4,879	4,858		5,006	4,986
Total Consumption	6,289	6,292	6,376	8,227	8,773	8,722		8,590	8,550
Ending Stocks	4,817	4,817	4,561	6,575	7,300	6,800		6,100	5,400
Total Distribution	27,247	27,237	27,299	33,802	33,733	33,522		32,690	31,050
Yield	2.	2.	2.3221	3.	3.	2.852		3.	2.6175

Statistical notes: HS codes for all wheat trade include 1001, 1101, 190219, 190230, 190240; conversion factor used for wheat products to grain equivalency is 1.368.

Table 2: Durum Wheat

Wheat, Durum Canada	2007 2007/2008 Market Year Begin: Aug 2007			2008 2008/2009 Market Year Begin: Aug 2008			2009 2009/2010 Market Year Begin: Aug 2009		
	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	Mar Data
Area Harvested		1,926	1,926		2,416	2,416		2,225	1,960
Beginning Stocks		1,233	1,257		842	846		1,900	2,100
Production		3,681	3,681		5,519	5,519		5,040	4,400
MY Imports		3	3		1	1		1	1
TY Imports		3	3		0	0		0	0
TY Imp. from U.S.		3	3		0	0		0	0
Total Supply		4,917	4,941		6,362	6,366		6,941	6,501
MY Exports		3,254	3,287		3,535	3,435		4,040	3,940
TY Exports		3,455	3,488		3,535	3,435		4,040	3,940
Feed Consumption		430	446		486	416		449	449
FSI Consumption		391	362		441	415		452	412
Total Consumption		821	808		927	831		901	861
Ending Stocks		842	846		1,900	2,100		2,000	1,700
Total Distribution		4,917	4,941		6,362	6,366		6,941	6,501
Yield		1.9112	1.9112		2.2844	2.2844		2.2652	2.2449

Statistical note: Exports and imports for durum do not include products.

Table 3: Barley

		2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
Barley	Canada	Market Year Begin: Aug 2007			Market Year Begin: Aug 2008			Market Year Begin: Aug 2009		
		USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	Mar Data
Area Harvested		4,000	3,998	3,998	3,500	3,502	3,502	3,544	3,544	
Beginning Stocks		1,492	1,492	1,490	1,568	1,573	1,568	2,100	2,400	
Production		10,984	10,984	10,984	11,780	11,781	11,781	11,000	11,000	
MY Imports		55	58	58	100	35	35	35	35	
TY Imports		53	55	55	100	33	30	33	33	
TY Imp. from U.S.		53	54	54	0	32	32	32	32	
Total Supply		12,531	12,534	12,532	13,448	13,389	13,384	13,135	13,435	
MY Exports		3,046	3,046	3,078	1,600	2,000	1,600	2,000	2,000	
TY Exports		2,947	2,947	2,980	1,600	2,000	1,600	2,000	2,000	
Feed Consumption		6,637	6,564	6,567	8,000	8,299	8,150	8,120	8,120	
FSI Consumption		1,280	1,351	1,319	1,400	990	1,234	1,015	1,215	
Total Consumption		7,917	7,915	7,886	9,400	9,289	9,384	9,135	9,335	
Ending Stocks		1,568	1,573	1,568	2,448	2,100	2,400	2,000	2,100	
Total Distribution		12,531	12,534	12,532	13,448	13,389	13,384	13,135	13,435	
Yield		3.	2.7474	2.7474	3.	3.3641	3.3641	3.1038	3.1038	

Statistical note: Barley trade numbers do not include products; conversion factor used for grain equivalency of barley products (malt) is 1.338688.

Table 4: Corn

		2007			2008			2009		
		2007/2008			2008/2009			2009/2010		
Corn	Canada	Market Year Begin: Sep 2007			Market Year Begin: Sep 2008			Market Year Begin: Sep 2009		
		USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	Jan Data
Area Harvested		1,370	1,369	1,369	1,170	1,169	1,169	1,228	1,220	
Beginning Stocks		1,337	1,337	1,337	1,457	1,457	1,457	1,200	1,200	
Production		11,649	11,649	11,649	10,600	10,592	10,592	10,550	10,500	
MY Imports		3,182	3,182	3,182	1,600	2,500	2,000	2,350	2,350	
TY Imports		3,117	3,117	3,117	1,600	2,500	2,000	2,350	2,350	
TY Imp. from U.S.		3,105	3,105	3,105	0	2,490	1,992	2,490	2,340	
Total Supply		16,168	16,168	16,168	13,657	14,549	14,049	14,100	14,050	
MY Exports		885	872	930	500	310	431	310	431	
TY Exports		886	873	931	500	310	431	310	431	
Feed Consumption		10,261	10,284	10,226	7,500	9,034	8,613	8,285	8,114	
FSI Consumption		3,565	3,555	3,555	4,000	4,005	3,805	4,305	4,305	
Total Consumption		13,826	13,839	13,781	11,500	13,039	12,418	12,590	12,419	
Ending Stocks		1,457	1,457	1,457	1,657	1,200	1,200	1,200	1,200	
Total Distribution		16,168	16,168	16,168	13,657	14,549	14,049	14,100	14,050	
Yield		9.	9.	8.5091	9.	9.	9.0607	9.	8.6066	

Statistical note: Corn exports and imports do not include products.

Table 5: Oats

Oats	Canada	2007 2007/2008 Market Year Begin: Aug 2007			2008 2008/2009 Market Year Begin: Aug 2008			2009 2009/2010 Market Year Begin: Aug 2009	
		USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	New Post Data	USDA Data	Post - Jan Data	Mar Data
Area Harvested		1,820	1,816	1,816	1,450	1,448	1,448	1,420	1,375	
Beginning Stocks		556	556	556	950	975	950	1,200	1,200	
Production		4,696	4,696	4,696	4,270	4,273	4,273	3,800	3,700	
MY Imports		17	17	17	25	15	15	15	15	
TY Imports		17	17	17	25	15	15	15	15	
TY Imp. from U.S.		17	17	17	0	15	15	15	15	
Total Supply		5,269	5,269	5,269	5,245	5,263	5,238	5,015	4,915	
MY Exports		2,386	2,777	2,296	2,200	2,450	1,888	2,300	1,775	
TY Exports		2,321	2,721	2,721	2,200	2,450	1,888	2,300	1,775	
Feed Consumption		1,293	1,279	1,295	1,400	1,373	1,400	1,250	1,250	
FSI Consumption		640	238	728	650	240	750	265	690	
Total Consumption		1,933	1,517	2,023	2,050	1,613	2,150	1,515	1,940	
Ending Stocks		950	975	950	995	1,200	1,200	1,200	1,200	
Total Distribution		5,269	5,269	5,269	5,245	5,263	5,238	5,015	4,915	
Yield		3.	3.	2.5859	3.	3.	2.951	3.	2.6909	

Statistical note: Oat exports and imports do not include products; conversion factor used for grain equivalency of oat products is: 1.823051.

Table 6: Beans (Dry)

Dry Beans Canada	2007 2007/2008 Market Year Begin: Aug 2007 New Post Data	2008 2008/2009 Market Year Begin: Aug 2008 New Post Data	2009 2009/2010 Market Year Begin: Aug 2009 Mar Data	
Area Harvested	153	145	138	(1000 HA)
Beginning Stocks	40	20	30	(1000 MT)
Production	277	266	280	(1000 MT)
MY Imports	50	54	40	(1000 MT)
TY Imports	50	54	40	(1000 MT)
TY Imp. from U.S.	0	0	0	(1000 MT)
Total Supply	367	340	350	(1000 MT)
MY Exports	295	260	265	(1000 MT)
TY Exports	295	260	265	(1000 MT)
Total Domestic Use	52	50	50	(1000 MT)
Ending Stocks	20	30	35	(1000 MT)
Total Distribution	367	340	350	(1000 MT)
Yield	1.8105	1.8345	2.029	(MT/HA)

Table 7: Peas (Dry)

Dry Peas	Canada	2007 2007/2008 Market Year Begin: Aug 2007 New Post Data	2008 2008/2009 Market Year Begin: Aug 2008 New Post Data	2009 2009/2010 Market Year Begin: Aug 2009 Mar Data	
Area Harvested		1,443	1,582	1,470	(1000 HA)
Beginning Stocks		167	255	900	(1000 MT)
Production		2,935	3,571	3,200	(1000 MT)
MY Imports		38	19	25	(1000 MT)
TY Imports		50	54	40	(1000 MT)
Total Supply		3,140	3,845	4,125	(1000 MT)
MY Exports		2,201	2,150	2,275	(1000 MT)
TY Exports		2,201	2,150	2,275	(1000 MT)
Total Domestic Use		684	795	900	(1000 MT)
Ending Stocks		255	900	950	(1000 MT)
Total Distribution		3,140	3,845	4,125	(1000 MT)
Yield		2.034	2.2573	2.1769	(MT/HA)

Table 8: Lentils

Lentils	Canada	2007 2007/2008 Market Year Begin: Aug 2007 New Post Data	2008 2008/2009 Market Year Begin: Aug 2008 New Post Data	2009 2009/2010 Market Year Begin: Aug 2009 Mar Data	
Area Harvested		534	631	764	(1000 HA)
Beginning Stocks		199	46	10	(1000 MT)
Production		734	920	1,000	(1000 MT)
MY Imports		9	9	5	(1000 MT)
TY Imports		9	9	5	(1000 MT)
Total Supply		942	974	1,015	(1000 MT)
MY Exports		810	850	810	(1000 MT)
TY Exports		810	850	810	(1000 MT)
Total Domestic Use		86	114	125	(1000 MT)
Ending Stocks		46	10	80	(1000 MT)
Total Distribution		942	974	1,015	(1000 MT)
Yield		1.3745	1.458	1.3089	(MT/HA)

SECTION THREE: NARRATIVE ON SUPPLY & DEMAND, POLICY & MARKETING

ALL WHEAT

Production

While record high prices motivated farmers to plant wheat in 2008, in 2009, the large carry-over stock combined with the global recession that has sent wheat future prices back down has farmers reducing wheat acreage. Wheat production in Canada is expected to drop 16% from the previous crop year's level due to reduced acreage and a return to normal yields. Wheat production in 2009/2010 is forecast to be 24.0 million metric tons (MMT) and which is very close to the 10 year average for Canadian wheat production. Strong world wheat supplies are the result of bumper crops in the northern hemisphere off-setting the effects of droughts in Australia and Argentina. A rally in wheat prices may be possible should the wet conditions in North Dakota persist and make planting wheat impossible. A shift to oilseeds would support grain prices; however any production stimulus due to a price rally in wheat would be tempered by input costs, many of which are higher than the crops they support. This cost/benefit analysis will dictate whether or not farmers respond to the price signals.

Consumption

2008/2009

On average, 30% of Canada's wheat production is consumed domestically. In 2008/2009, total domestic consumption is forecast to rise over 35% to 8.7 MMT, bringing it back inline with the 10 year average. Lower prices and higher supplies have stimulated domestic demand in 2008/2009.

Domestic consumption of wheat for food, industrial use and seed (FSI) is expected to rise above the 10 year average to 4.9 MMT, an 18 percent increase over the previous year's levels. Increased domestic demand is coming from the western ethanol plants which use soft white winter wheat as feed stock and from the seemingly recession-proof food manufacturing industry. While food manufacturers' revenues are expected to fall, demand from consumers is expected to stay steady as people still have to eat. Consumers are coping with the recession by switching to buying lower cost, generic products. In addition, food-manufacturing exports are helped by a weaker Canadian dollar. The weakened Canadian in terms of helping the food manufacturing weather the recession is limited however by the fact that less than a third of the food processed in Canada is exported.

Historically high prices for wheat in 2007/2008 pushed consumption of feed wheat down significantly. In 2008/2009, lower prices and higher domestic supplies are helping the domestic demand for wheat for feed use rebound. Wheat for domestic consumption for feed in 2008/2009 is expected to increase above the 5 year average to 3.9 MMT from 2.3 MMT in 2007/2008. Declining livestock numbers is Canada is being off-set by the fact that feeder cattle prices have dropped and there is a reduced demand for feeder cattle from the United States. As a result, more cattle are being fed in Canada.

2009/2010

Domestic consumption in 2009/2010 is expected to decrease slightly due mainly to an expected reduction in feed consumption resulting from a reduction in supplies. Feed wheat consumption is expected to decline down 7% to the 5-year average level.

Trade

Statistics Canada has made some modifications for its wheat imports and wheat exports for crop year 2007/2008. Please see the ALL WHEAT statistical table for details.

2008/2009

Due to the fact that Canada is one of the world's top wheat producers, Canada imports only a limited amount of wheat. Based on trade statistics of wheat imports to Canada from August until January, the pace of wheat imports in crop year 2008/2009 is above the 10-year average. Wheat imports in 2008/2009 are expected to close at levels 8% below the previous year's import level of 380 TMT. High domestic supplies, combined with a weaker Canadian dollar, are expected to limit wheat imports to 350 TMT in 2008/2009.

The pace of wheat exports suggest that wheat exports in 2008/2009 may close at levels 10% over the previous year's export numbers. Wheat exports are forecast to be 18.0 MMT. One of the reasons for this is that low supplies the previous crop year limited year 2007/2008 exports. Higher supplies, a weakened Canadian dollar, and a steady world demand have helped support the strong pace of Canadian wheat exports in 2008/2009. Additional rail capacity in Canada is also helping move the large crop. The recession is hitting manufacturing, softwood and the automotive sectors of the Canadian economy quite hard. These sectors often compete with grains for transportation across Canada. A slow down in rail traffic and resulting increased rail capacity has benefited wheat getting to the ports for exports. Exports are also being helped by the fact that Canada has gained access to some new markets including Saudi Arabia which announced it would stop subsidizing irrigation and would instead import wheat. Saudi Arabia has reportedly bought 385,000 tons of wheat from Canada so far in 2009. Canada will also likely be shipping wheat to Brazil which is easing its wheat tariff as a result of the drought in Argentina which was its major supplier of cereals.

2009/2010

Wheat imports for 2009/2010 are expected to fall to levels close to the 10 year average due to adequate domestic supplies resulting from higher carry-in stocks and average production levels. Imports in 2009/2010 are anticipated to be 300 TMT.

Wheat exports in 2009/2010 are expected fall 5% from the previous crop year's levels. This decrease is largely attributable to a decrease in supplies that are likely to result from a drop in production and a return to normal yields. As mentioned previously, it is anticipated that world wheat stocks will likely remain at levels similar to the previous year's levels.

Stocks

2007/2008

Statistics Canada made some modification to its stocks numbers for crop year 2007/2008. Please see the ALL WHEAT statistical table for details.

2008/2009

Low carry-in stocks in 2008/2009 resulting from low domestic supplies and aggressive exports the previous crop year were off-set by near record production levels of wheat. As a result, stocks in 2008/2009 are expected to increase to levels closer to average due to

increased domestic supplies. Stocks closing in 2008/2009 are to be forecast to increase nearly 1.5 times to 6.8 MMT.

2009/2010

Ending stocks in 2009/2010 are expected decrease due principally to a reduction in domestic supplies resulting from an anticipated drop in production and a return to normal yields. Ending stocks in 2009/2010 are forecast at 5.4 MMT, a level below the 10-year average.

POLICY

Kernel Visual Distinguishibility (KVD)

Kernel visual distinguishability (KVD) was a variety registration screening criterion for all classes of Western Canadian Wheat. This criterion was removed as of August 1, 2008. The KVD was part of Canada's quality-control system under which each wheat class is assigned distinct visual characteristics such as seed coat color and kernel shapes. This allowed grain inspectors to quickly and accurately identify the wheat class by looking at a handful of wheat. Since U.S. varieties may not be visually distinct, the KVD has been a trade barrier as U.S. wheat varieties could not be registered in Canada. As a result, U.S. wheat, regardless of quality, was sold in Canada as "feed" wheat at sharp price discounts compared to the registered Canadian varieties. The removal of the KVD requirements opens the door to American wheat varieties being registered in Canada. Registered American wheat varieties being exported to Canada would thereby be able to capture higher prices on the Canadian market. U.S. producers will be able to supply a growing number of niche markets that are quickly developing (such as functional foods) from which the KVD requirements had previously blocked access. To be registered, new wheat varieties will still be required follow the approval process which includes field trials.

BARLEY

Production

A weaker demand internationally combined with relatively strong world supplies due to a bumper crop has suppressed barley prices and are expected to result in a drop in Canadian barley production in 2009/2010. Canadian barley production is forecast at 11.0 MMT in crop year 2009/2010, down 7% from the crop previous year, and closer to the ten year average. A slightly higher area is expected to be seeded to barley but it is anticipated that this increase will be offset by a return to average yields resulting from a return to normal weather conditions.

Consumption

Approximately 75% of Canadian domestic barley production goes into domestic feed consumption. Despite the fact that there has been a steady decline in the livestock numbers in Canada in recent years, the amount of barley going into feed has not varied very much from the ten year average of approximately 8.3 MMT. The reason for this may be due to the fact that although the cattle numbers in western Canada are dropping, demand for feeder cattle in the United States is also dropping. As a result, more animals are being fed and slaughtered in Canada, supporting domestic feed consumption numbers. The exception may be in 2007/2008 where domestic feed consumption dropped to 6,567 TMT due to exceptionally high feed barley prices, brought on by increased world demand for feed barley

which spurred record exports but which suppressed domestic consumption. The feed industry turned to more corn due to these price considerations.

2008/2009

In 2008/2009, domestic feed consumption is anticipated to return to more average levels and is forecast at 8.2 MMT. This is due to the several factors including weaker barley prices (due to lower world demand), lower feeder cattle demand from the United States due to a new deadline for country of origin labeling requirements (resulting in more cattle being fed in Canada), and lower feeder cattle prices.

2009/2010

Feed consumption in 2009/2010 is forecast to remain close to the same levels as in 2008/2009 and is forecast at 8.1 MMT.

Trade

2007/2008

Statistics Canada made some modifications trade numbers for barley imports and exports for crop year 2007/2008. Please see the BARLEY statistical table for details.

2008/2009

Due to the fact that Canada is one of the world's top barley producers, Canada imports only a limited amount of barley. Based on trade statistics of barley imports to Canada from August until January, the pace of barley imports 2008/2009 is significantly below the 10-year average. High domestic supplies, due to a bumper crop and reduced world demand for feed barley, are limiting barley imports. Barley imports for crop year 2008/2009 are forecast at 35 TMT.

The pace of barley exports has slowed significantly in 2008/2009 compared to the previous crop year (2007/2008), and exports are expected to finish at levels close to the 10 year average. Barley exports for crop year 2008/2009 are forecast at 1.6 MMT. The economic recession has resulted in less demand from the livestock industry as livestock producers cut back on their herd size. Reduced demand from China and Japan, whose livestock industries are particularly affected by the global economic crisis, has dampened Canadian barley export prospects.

2009/2010

Barley imports for 2009/2010 are expected to be at levels similar to those seen in 2008/2009. Domestic supplies will continue to limit import demand.

Barley exports for 2009/2010 are expected to increase slightly as an expected reduction in world acreage seeded to barley (due to weaker prices) may help Canadian barley exports. Barley exports are forecast to increase to 2.0 MMT.

Stocks

2007/2008

Statistics Canada reported some changes in stocks for crop year 2007/2008. Please see BARLEY statistical table for details.

2008/2009

Barley stocks are expected to rise in 2008/2009 to 2,400 TMT, levels closer to the 10 year average of 2,335 TMT. This is higher than stocks levels have been in several years, but still below the 5 year average. Weakened export demand from livestock producers who are cutting back livestock herds, especially in China and Saudi Arabia, and a bumper crop in 2008 have resulted in higher domestic supplies.

2009/2010

Ending stocks are expected to be drawn down approximately 12% during the 2009/2010 crop year as a result of lower production resulting from lower prices caused by a reduced world demand. Ending stocks for 2009/2010 are expected to be drawn down to approximately 2.1 MMT.

POLICY

Barley Export Monopoly Untouched for Now

The global financial crisis, another minority government, and over supply and declining grain prices are all factors that will likely result in the Canadian Wheat Board being able to hold onto its monopoly powers over Western wheat and barley for a while longer. In the national election held October 14, 2008, Canada's Conservative government failed for the third time to win a majority and therefore still needs the support of at least one opposition party to pass legislation. To date, all three opposition parties have expressed their on-going support for the Canadian Wheat Board and have opposed the Conservative plan to remove the barley monopoly from the Canadian Wheat Board's control. Canada's government has stated that it has laid its plans for the Canadian Wheat Board aside for the time being to concentrate on trying to navigate the global financial crisis. In addition, the popularity of the Canadian Wheat Board and its single desk seller status tends to increase in times of global economic slowdowns. With the world economy slowing, and with big crop harvests facing difficult marketing problems due to a credit crisis, a majority of producers may feel more secure selling through the CWB.

Director Election for Canadian Wheat Board Disappoint Pro-Choice Supporters

The Canadian Wheat Board (CWB) director election in late 2008 had the potential to have a significant impact on the future direction taken by the CWB. For those hoping for that change of direction, the election results, announced December 7, 2008, proved disappointing. There are fifteen directors on the board, five are politically appointed, and ten are farmer-elected. With the current federal government committed to ending the CWB's monopoly and five of the director-elected positions open, the door was open to the possibility that the single desk supporters on the CWB board would find themselves in a minority position. In the end, four out of the five seats open were won by CWB monopoly supporters. The election results essentially maintain the balance of power that existed before the election, with pro-monopoly supporters holding a slim majority on the board (8 to 7). Director elections are held every two years in five out of the ten CWB districts, with the elected directors serving four year terms. The positions open in 2008 were for the even numbered districts. The director elections for the odd numbered districts will be held in 2010. The directors' terms begin December 31 and run for 4 years.

CORN

Production

Corn production in Canada is forecast to decrease only slightly in 2009/2010. Corn production is forecasted to be 10.5 MMT. Less seed corn is expected to be grown as there is less demand from Eastern Europe and the former Soviet block countries due to credit issues related to the global economic crisis.

Consumption

2008/2009

Nearly 95% of Canada's corn production goes in to domestic feed consumption. Domestic consumption for feed purposes is expected to drop by 15% in 2008/2009 from the previous year's level. Feed consumption in 2008/2009 is forecast at 8.6 MMT which is more in line with the 10-year average for feed consumption. The dramatic above average feed consumption levels in 2007/2008 were due to record high production and record high supplies.

Domestic consumption of corn for seed, food and industrial use is expected to increase in 2008/2009 to 3.8 MMT from 3.6 MMT in 2007/2008 due to increased demand from ethanol plants and due to increased demand from Canada's food manufacturing industry. Ontario currently has an ethanol mandate in place and a federal renewable fuel standard is expected to be in place by 2010. The weaker Canadian dollar is helping Canada's food-manufacturer's increase their exports.

2009/2010

Domestic consumption for feed purposes is expected to fall another 6% in 2009/2010 to 8.1 MMT. Shrinking hog numbers in western Canada caused by a decrease in demand from the United States is expected.

Increased corn for ethanol purposes is expected in 2009/2010 if the federal renewable fuel standards comes into effect as is currently anticipated. Corn for FSI use is expected to increase 13% in 2009/2010.

Trade

2007/2008

Statistics Canada has made some modifications to its trade statistics for 2007/2008 for corn exports. Please see the CORN statistical table for details.

2008/2009

Imports are forecast to fall 37% from year 2007/2008 levels to a more normal level of 2.0 MMT. The slow down in imports may be du in part to the fact that the credit crisis and drop in gasoline prices delayed the construction of many ethanol plants that anticipated being operational in 2009.

Canada exports an extremely small amount of corn. Exports in 2008/2009 are expected to fall 54% and return to average levels due to lower supplies than in 2007/2008. Exports are forecast at 431 TMT.

2009/2010

Imports in 2009/2010 are expected to rise 18% to 2.4 MMT in response to an increased demand for corn for ethanol purposes when the federal mandate comes into effect sometime in 2010. The federal renewable fuels mandate will require that 5% of the gasoline pool be replaced by ethanol.

Exports in 2009/2010 are expected to remain unchanged due to relatively the same domestic supply and demand factors as in 2008/2009.

Stocks

2008/2009

Carry-in stocks in 2008/2009 are expected to be drawn down to more average levels of 1.2 MMT.

2009/2010

Stocks are expected to mirror the year earlier levels in 2009/2010 as supply and consumption in 2009/2010 are forecast to remain about the same as those anticipated in 2008/2009.

OATS

Production

The North American market is highly dependent on food-use oats from east-central Saskatchewan and Western Manitoba. Flush supplies on the North American market due to a bumper oats crop in Canada has suppressed prices and is forecast to result in oats production decreasing by 13% to 3.7 MMT in 2009/2010.

Consumption

2008/2009

Higher supplies and lower prices are expected to result in a 6% increase in domestic consumption of oats in 2008/2009. On average, 40% of the Canadian oats production goes into its feed market with a large amount of feed oats being produced and fed on farms, and a small amount going to the race horse industry.

An 8% increase in feed consumption is expected in 2008/2009 as oats for feed return to more average levels. Feed consumption is forecast to be 1.4 MMT, close to the 5-year average. Industrial usage for oats products is to stay relatively stable with a 3% increase in usage anticipated.

2009/2010

For 2009/2010, lower supplies resulting from lower production combined with a decreased demand for feed from Canada's livestock industry is expected to result in a 10% drop in domestic consumption levels compared to 2008/2009.

Trade

2008/2009

On average, about 50% of Canadian oat production in exported. High supplies and low prices have resulted in a standoff that is expected to decrease exports in 2008/2009. Producers are holding on to supplies as they hold out for a higher price and buyers are holding-off buying since they already have adequate supplies. Import demand from the United States for milling oats has dropped due to a surplus of North American supplies. In 2008/2009, oats exports are expected to drop from 2.3 TMT to 1.9 TMT, a 17% decrease from year 2007/2008 levels.

2009/2010

Lower supplies in 2009/2010 combined with slow demand from the United States due to a flush oats market is expected to result in a slight further decrease in 2009/2010.

Stocks

2007/2008

Statistics Canada has revised its stocks numbers for crop year 2007/2008. Please see OATS statistical table for details.

2008/2009

High supplies in 2008/2009 resulting from high carry-in stocks that off-set a decline in production are expected to result in year end stocks increasing by 26% to 12.0 MMT, well above the 10-year average.

2009/2010

Stocks are expected to remain at the same level throughout 2009/2010 as a decrease in supplies resulting from a decrease in production is off-set by an equivalent decrease in exports and domestic consumption.

PULSE CROPS – LENTILS, PEAS, and BEANS

Production

In 2009-2010, Canadian production of pulses (lentils, peas and beans) are forecast to decrease 6% from year 2008/2009 levels. Increases of 5% and 9% in beans and lentils production, respectively, are expected to be offset by a 10% decrease in pea production. A drop in pea acreage is anticipated in response to lower prices dues to high carry-in stocks. Lentil acreage is expected to increase in response to higher prices. While the acreage seeded to beans is expected to decrease due to competition with good prices for crops that are easier to grow, bean production is expected to increase due to higher yields.

Trade

In 2008/2009, Canadian dry pea exports are expected to fall slightly in response to lower demand. Exports in 2009/2010 are expected to increase due to high carry-in stocks. Exports of lentils are expected to increase marginally in 2008/2009. Despite high domestic

supplies resulting from high carry-in stocks, a high world supply of lentils is expected to limit lentil exports in 2009/2010. In 2008/2009, dry bean exports are expected to decrease in response to lower supply. Higher supplies in 2010 are expected to increase lentil exports.

CROP PRICES FROM THE CANADIAN WHEAT BOARD

2008/09 Crop Year Pool Return Outlook (PRO)
http://www.cwb.ca/dom/db/contracts/pool_return/pro.nsf/WebPRPub/2008_20090326.html?OpenDocument&CropYr=2008-09

2009/10 Crop Year Pool Return Outlook (PRO)
http://www.cwb.ca/db/contracts/pool_return/pro.nsf/WebPRIndex?ReadForm&CropYr=2009-10

Information on producer payments (historical)
www.cwb.ca/public/en/farmers/payments/

CANADIAN SEEDING INTENTIONS of Principle Field Crops, March 31, 2009

The Canadian seeding intentions will be available April 24th, 2009 on the following Statistics Canada website: **http://www.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=22-002-X&chropg=1&lang=eng**

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